

**BOARD OF ECONOMIC DEVELOPMENT
BHR CAPITOL CONFERENCE ROOM B20, 500 E CAPITOL AVE, PIERRE, SD
WEDNESDAY, FEBRUARY 10, 2021, 11:00 A.M., CT**

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**BOARD OF ECONOMIC DEVELOPMENT
BHR CAPITOL CONFERENCE ROOM B20, 500 E CAPITOL AVE, PIERRE, SD
WEDNESDAY, FEBRUARY 10, 2021, 11:00 A.M., CT**

Motion Sheet

(STAFF RECOMMENDATIONS)

Please note times:

Call To Order: _____

Executive Session _____

Regular Session _____

Adjournment _____

**Board
Members:**

Jeff Erickson

Matt Judson **Agenda**

Motion to approve the agenda as presented.

*Sharon
Casey*

Motion made by _____ and seconded by _____.

Mike Luken

Minutes

Ted Husted

Motion to approve the minutes of the meetings held January 13, 2021, as presented

*Don
Kettering*

Motion made by _____ and seconded by _____.

Tom Jones

Conflicts of Interest Disclosures

Reed Kessler

Public Comments

Joy Nelson

Commissioners Comments

Eric Yunag

Executive Session

Pat Burchill

Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants.

*Kevin
Tetzlaff*

Motion made by _____ and seconded by _____.

David Emery

Non-Voting

Chairman: Declare board out of executive session. [a.m.]. Chairman: The BED entered into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

*Senator
Reynold
Nesiba*

*Senator
Casey
Crabtree*

Motion to approve the chairman's report from executive session.

Motion made by _____ and seconded by _____.

Reviews

South Dakota Division of Banking - Report from Examination

Motion to accept the exam as presented.

Motion made by _____ and seconded by _____.

Old Business

Century Custom Molding, Inc.

Motion to approve the request to release the UCC collateral from the REDI Loan.

Motion made by _____ and seconded by _____.

Meridian Wind Project, LLC

Motion to approve extending the construction commencement date to September 10, 2021.

Motion made by _____ and seconded by _____.

Riley Roo, LLC

Motion to approve extending the commitment letter to May 12, 2021 and change the balloon to a 10-year balloon.

Motion made by _____ and seconded by _____.

Vander Dussen Dairy, LLC

Motion to approve changing the project owner to Plainview Dairy, LLC.

Motion made by _____ and seconded by _____.

Adjourn

Motion made by _____ and seconded by _____.

A

**BOARD OF ECONOMIC DEVELOPMENT
BHR CAPITOL CONFERENCE ROOM B20, 500 E CAPITOL AVE, PIERRE, SD
WEDNESDAY, FEBRUARY 10, 2021, 11:00 A.M., CT**

The public may participate by the following:

Call In Number: (669) 900-9128 Meeting ID: 96677988449 Participant Id: # Passcode: 421401
<https://state-sd.zoom.us/j/96677988449?pwd=S1I2bW5wRkd6OWJmVjUza0N2K1pDQT09>
One tap mobile: +13462487799,,96677988449#,,,,*421401# US
www.zoom.com Meeting ID: 96677988449 Passcode: 421401

REGULAR SESSION AGENDA

- 11:00 A.M. Call to Order, Chairman Jeff Erickson
- 11:05 A.M. **Agenda**
RECOMMENDED ACTION: Motion to approve the agenda as provided or amended.
- Minutes**
RECOMMENDED ACTION: Motion to approve the minutes of January 13, 2021, as presented.
- Conflicts of Interest Disclosures**
- Public Comments**
- Monthly Financials**
RECOMMENDED ACTION: No action taken.
- 11:10 A.M. **Commissioner's Comments**
- 11:15 A.M. **Executive Session**
RECOMMENDED ACTION: Motion to enter into executive session to discuss contract matters and commercial and financial information relating to loan and other assistance applicants. SDCL 1-25-2(4) and 1-16G-11
- 11:35 A.M. **Report from Executive Session**
RECOMMENDED ACTION: Approve Chairman's report from Executive Session.
- Other Motions**
South Dakota Division of Banking Exam
Century Custom Moldings, Inc.
Meridian Wind Project, LLC
Riley Roo, LLC
Vander Dussen Dairy, LLC

Notice is further given to persons with disabilities that this meeting is being held in a physically accessible place. Please notify the above mentioned office within 48 hours of the public hearing if you have special needs for which this agency will make the necessary arrangements.

B

**BOARD OF ECONOMIC DEVELOPMENT
BHR CAPITOL CONFERENCE ROOM B20, PIERRE, SD
WEDNESDAY, JANUARY 13, 2021, 10:00 A.M., CT**

Members Present

Chairman Jeff Erickson, Matt Judson, Sharon Casey, Mike Luken, Don Kettering, Tom Jones, Joy Nelson, Eric Yunag, Pat Burchill, Kevin Tetzlaff and David Emery

Staff Present

Commissioner Steve Westra, Deputy Commissioner Mary Lehecka Nelson, Cassie Stoesser, Ashley Moore, LaJena Gruis, Cassidy Kulesa, Terri LaBrie, Dale Knapp, Natalie Likness, Joe Fiala, Brenna Block and Tanner Beukleman

Other Staff Present

Andrew Coppersmith and Mike Bietz - BankWest, Inc.

Call to Order

Chairman Erickson called the meeting to order at 10:01 a.m.

Agenda

A motion was made by Joy Nelson and seconded by Don Kettering to approve the agenda as presented.

Motion passed by a roll call vote.

Minutes

A motion was made by Pat Burchill and seconded by Mike Luken to approve the minutes of the meetings held December 9, 2020 and January 4, 2021, as presented.

Motion passed by a roll call vote.

Conflicts Disclosure

Chairman Erickson opened the floor for board members to identify potential conflicts under SDCL Chapter 3-23. Joy Nelson declared a potential conflict with The Plains Apartments, LLC as she is real estate broker on the land being purchased and she would not partake in the discussion or vote on the project. The Chairman opened up the floor for questions and discussion concerning the potential conflicts; there were none from board members and no objection to proceeding with the agenda.

Public Comments – none

Executive Session

A motion was made by Sharon Casey and seconded by Don Kettering to enter into executive session at 10:17 a.m. to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. SDCL 1-25-2(4) and SDCL 1-16G-11.

Motion passed by a roll call vote.

Executive Session Report

The Chairman declared the board out of executive session at 10:46 a.m. The Chairman reported that the Board of Economic Development entered into Executive Session to discuss contract matters and commercial and financial information relating to loan and other assistance to applicants. No action was taken.

A motion was made by Matt Judson and seconded by Mike Luken to approve the Chairman's report from executive session.
Motion passed by a roll call vote.

Old Business

Hydrogreen, Inc.

A motion was made by Pat Burchill and seconded by Don Kettering to approve a one-year extension as presented.
Motion passed by a roll call vote.

MinKota Fisheries, Inc.

A motion was made by Joy Nelson and seconded by Eric Yunag to approve an extension to the loan schedule as presented.
Motion passed by a roll call vote.

Purity Seeds, LLC

A motion was made by Don Kettering and seconded by Sharon Casey to approve an extension to the payment modification with a 1% interest rate as presented.
Motion passed by a roll call vote.

Tech V, LLC

A motion was made by Don Kettering and seconded by Matt Judson to approve the request to forgive the loan as presented.
Motion passed by a roll call vote.

New Business

The Plains Apartments, LLC

A motion was made by Pat Burchill and seconded by Mike Luken to approve the waiver for a loan over \$1,000,000 and a loan request from The Plains Apartments, LLC in the amount of \$12,820,534. Secured by 35% in a shared first position with participating lender, 10% in a sole second position and the limited personal guaranty of 125% ownership for all owners.

The loan is approved according to the terms and conditions of the commitment letter; all documents may be executed on behalf of the Board by the Commissioner of the Governor's Office of Economic Development or the Commissioner's designee.
Motion passed by a roll call vote with Joy Nelson abstaining.

Reinvestment Payment Program

Norway Pork OP, LLC

A motion was made by Don Kettering and seconded by Tom Jones to approve the Reinvestment Payment Program grant application to Norway Pork OP, LLC as recommended by staff.

Based on the representations and project description contained in the application for reinvestment payment, including but not limited to the representations concerning jobs created or retained and wages and benefits to be paid, a new or expanded facility reinvestment payment of \$651,600 but not to exceed the State Sales/Use Tax paid on eligible project costs, is approved for Norway Pork OP, LLC. The project as completed must be substantially similar to the project described in the application and must comply with the deadlines set out SDCL Ch. 1-16G and ARSD Ch. 68:02:07. The board has considered the factors set out in SDCL 1-16G-59 and ARSD 68:02:07:04 and the likelihood the project would not be located in South Dakota absent the reinvestment payment.

Staff is authorized to issue a permit consistent with the application, this approval and the applicable provisions of SDCL Ch. 1-16G and ARSD Ch. 68:02:07.
Motion passed by a roll call vote.

Bills

A motion was made by Eric Yunag and seconded by Joy Nelson to approve the bill payable to Department of Legislative Audit in the amount of \$15,551.05 for the 2020 Audit.
Motion passed by a roll call vote.

Adjourn

The Chairman adjourned the meeting at 10:56 a.m.

Matt Judson, Treasurer

C

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

FINANCIAL REPORT

(Compiled)

December 31, 2020

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Clausen & Rice, INC

Certified Public Accountants and Business Consultants

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Accountant's Compilation Report

To the Board of Directors
South Dakota Revolving Economic Development and Initiative Fund
Pierre, South Dakota

Management is responsible for the accompanying financial statements of South Dakota Revolving Economic Development and Initiative Fund (an Enterprise Fund of the State of South Dakota) as of December 31, 2020, and the related statements of revenues, expenses and changes in net assets and cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Entity's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained on pages 5 through 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to South Dakota Revolving Economic Development and Initiative Fund.

Clausen & Rice

Pierre, South Dakota
February 3, 2021

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

STATEMENT OF NET ASSETS

December 31, 2020

See Accountant's Compilation Report

ASSETS

Cash and Investments-Unrestricted	\$68,715,081
Cash and Investments-Designated for Approved REDI Loans	17,584,251
Cash-SD Jobs	1,866,545
Cash-Disaster Relief Fund	<u>1,739,465</u>
Total Cash and Investments	\$89,905,342
Accounts Receivable-Bankwest	52,678
Loans Receivable - REDI, net of allowance of \$1,573,311	38,496,484
Loan Interest Receivable	88,224
Net Pension Asset	1,335
Asset Held for Resale	321,037
Investment Income Receivable	<u>1,031,375</u>

TOTAL ASSETS \$129,896,475

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources Related to Pensions	<u>69,839</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>69,839</u>

LIABILITIES

Accounts Payable	\$40,166
Wages and Benefits Payable	\$28,502
Accrued Leave Payable	\$53,108
Net Pension Liability	\$0
Due To Other Funds	<u>\$6,923</u>

TOTAL LIABILITIES \$128,699

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>27,200</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>27,200</u>

NET POSITION

Investment in Capital Assets	0
Unrestricted	<u>129,810,415</u>

TOTAL NET POSITION \$129,810,415

TOTAL LIABILITIES AND NET POSITION \$129,966,314

SOUTH DAKOTA REVOLVING

ECONOMIC DEVELOPMENT AND INITIATIVE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Month Ending December 31, 2020

See Accountant's Compilation Report

	<u>Current Period</u>	<u>Year to Date</u>
OPERATING REVENUE		
Interest Income on Loans - REDI	\$48,709	\$255,897
Ethanol Income - REDI	0	0
Other Income - REDI	3,934	7,868
Building South Dakota Income	0	0
LESS OPERATING EXPENSES		
Administrative Expenses	62,891	339,494
Bad Debt Expense	(25,368)	(221,370)
Other Expenses	298	30,469
Building South Dakota Grants	0	50,125
NET INCOME (LOSS) FROM OPERATIONS	\$14,822	\$65,047
NONOPERATING REVENUE		
Investment Income	179,415	1,031,375
CHANGE IN NET POSITION	\$194,237	\$1,096,422
NET POSITION, BEGINNING	129,616,178	128,713,993
Prior period Adjustment	0	0
NET POSITION, ENDING	<u>\$129,810,415</u>	<u>\$129,810,415</u>

SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
STATEMENT OF CASH FLOWS

For the Month Ending December 31, 2020

See Accountant's Compilation Report

	Current Period	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Position	\$194,237	\$1,096,422
Adjustments to Reconcile Net Income to		
Net Cash provided from (used in) Operating Activities:		
(Increase) Decrease in Accounts Receivable - Bankwest	0	0
(Increase) Decrease in Loans Receivable - REDI	383,794	5,023,697
(Increase) Decrease in Loan		
Interest Receivable	1,116	9,861
(Increase) Decrease in Loans Receivable - LIIP	0	0
(Increase) Decrease in Equipment	0	0
(Increase) Decrease in VASF Fuel Tax		
Revenues Receivable	0	0
(Increase) Decrease in Investment		
Income Receivable	(179,415)	867,044
(Increase) Decrease in Due From Other Funds	0	0
(Increase) Decrease in Other Assets	0	0
Increase (Decrease) in Accounts Payable	0	0
Increase (Decrease) in Wages Payable	0	0
Increase (Decrease) in Accrued Leave Payable	0	0
Increase (Decrease) in Grants Payable	0	0
Increase (Decrease) in Due To Other Funds	0	0
	\$399,732	\$6,997,024
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Prior Period Adjustment	0	0
	\$399,732	\$6,997,024
NET INCREASE IN CASH AND INVESTMENTS	89,505,610	82,908,318
CASH AND INVESTMENTS - BEGINNING	\$89,905,342	\$89,905,342
CASH AND INVESTMENTS - ENDING	\$89,905,342	\$89,905,342

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND**

ADDITIONAL LOAN INFORMATION - REDI

For the Month Ending December 31, 2020

See Accountant's Compilation Report

REDI LOANS APPROVED, NOT ADVANCED

<u>Company Name</u>	<u>Approval Date</u>	<u>Loan Amount</u>
Farmers Union Industries	9/12/2017	\$ 3,600,000
Fiedler Holding, LLC	10/24/2017	\$ 1,152,338
Watertown Development Company/Comprehensive Logisti	7/9/2019	\$ 2,050,560
Riley Roo, LLC	2/12/2020	\$ 300,000
WYTEC, LLC	6/10/2020	\$ 3,000,000
L&E Holdings, LLC (Silencer Central)	10/23/2020	\$ 3,299,175
Midstates, Inc.	10/23/2020	\$ 1,490,872
Watertown Development Company/Dakota Tube	10/23/2020	\$ 897,696
Parkside Place, LLC	11/12/2020	\$ 1,793,610
 Total		 <u>\$ 17,584,251</u>

See Accountant's Compilation Report

REDI LOANS ADVANCED, DURING	December	Advanced Date	Loan Amount
<u>Company Name</u>		<u> </u>	<u> </u>
None			

REDI LOANS PAID OFF, DURING	December	Pay-off Date	Original Loan Amount
<u>Company Name</u>		<u> </u>	<u> </u>
None			

REDI LOANS WROTE OFF, DURING	December	Wrote-off Date	Amount Wrote-off
<u>Company Name</u>		<u> </u>	<u> </u>
None			

REDI LOANS WITHDRAWN, DURING	December	Withdrawal Date	Withdrawn Amount
<u>Company Name</u>		<u> </u>	<u> </u>
None			

**SOUTH DAKOTA REVOLVING
ECONOMIC DEVELOPMENT AND INITIATIVE FUND
ADDITIONAL LOAN INFORMATION - SDJP
For the Month Ending December 31, 2020
See Accountant's Compilation Report**

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE

Dedicated SDJP Fund Cash and Investments Balance	11/30/2020	\$1,866,545
Plus: Investment Council Interest		0
South Dakota Jobs		0
Less:		0
		\$1,866,545
Dedicated SDJP Fund Cash and Investments Balance	12/31/2020	\$1,866,545

SOUTH DAKOTA JOBS PROGRAM CASH & INVESTMENTS BALANCE APPROVED, NOT ADVANCED

RESTRICTED

<u>Company Name</u>	<u>Approval Date</u>	<u>Amount Remaining</u>	
Forest Products Distributors, Inc.	9/13/2018	21,937	\$21,937 Authorized \$0 Disbursed
Sonstegard Foods Company	8/13/2019	350,450	\$350,450 Authorized \$0 Disbursed
Joel Rempfer	8/13/2019	0	\$11,970 Authorized \$9,184 Disbursed
*Returned \$2,785.70			
J & A Hog Company, LLC	9/10/2019	49,207	\$49,207 Authorized \$0 Disbursed
Shannon Klumb and Ben Klumb	9/10/2019	28,496	\$28,496 Authorized \$0 Disbursed
Diamond Five Feeders, LLC	10/24/2019	61,055	\$61,055 Authorized \$0 Disbursed
J and K Feeders, LLC	10/24/2019	87,123	\$87,123 Authorized \$0 Disbursed
Firesteel Finishers, LLC	11/13/2019	46,277	\$46,277 Authorized \$0 Disbursed
Leaning Oak	12/11/2019	217,926	\$217,926 Authorized \$0 Disbursed
Pacer Minerals LLC	3/11/2020	27,000	\$27,000 Authorized \$0 Disbursed

Washington Feeders, LLC (North)	3/11/2020	28,080	\$28,080 Authorized \$0 Disbursed
Washington Feeders, LLC (South)	3/11/2020	28,080	\$28,080 Authorized \$0 Disbursed
Matt Storm	4/8/2020	24,833	\$24,833 Authorized \$0 Disbursed
Jones & Klumb Family Farm, LLC	5/13/2020	24,865	\$24,865 Authorized \$0 Disbursed
Mark Fuoss	5/13/2020	22,503	\$22,503 Authorized \$0 Disbursed
Spink Hutterian Brethren Inc. Barn 1	5/13/2020	33,592	\$33,592 Authorized \$0 Disbursed
Spink Hutterian Brethren Inc. Barn 2	5/13/2020	33,592	\$33,592 Authorized \$0 Disbursed
Spink Hutterian Brethren Inc. Nursery Barn	5/13/2020	44,842	\$44,842 Authorized \$0 Disbursed
Zimmerman Livestock, LLC	5/13/2020	0	\$71,756 Authorized
* Returned 30,815.07			\$40,941 Disbursed
TrueNorth Steel, Inc.	8/12/2020	18,000	\$18,000 Authorized \$0 Disbursed
		<u>\$1,147,858</u>	

UNRESTRICTED

Total South Dakota Jobs Program Cash and Investments	\$1,866,545
Less Cash and Investments-Restricted for Approved Loans/Grants	\$1,147,858
Total Unrestricted South Dakota Jobs Program Cash and Investments	<u>\$718,687</u>